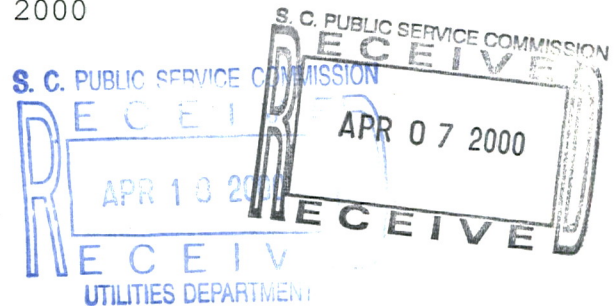


Caroline N. Watson  
General Counsel-South Carolina

Suite 821  
1600 Hampton Street  
Columbia, South Carolina 29201  
803 748-8700  
Fax: 803 254-1731

April 6, 2000

The Honorable Gary E. Walsh  
Executive Director  
Public Service Commission of SC  
Post Office Drawer 11649  
Columbia, South Carolina 29211



Re: BellSouth Telecommunications, Inc. Petition to  
Establish Geographically Deaveraged Rates for  
Unbundled Network Elements  
Docket No.: 2000-0122-C

Dear Mr. Walsh:

Enclosed for filing please find an original and ten copies of BellSouth Telecommunications, Inc.'s ("BellSouth") Response to MCI WorldCom, Inc.'s Motion to Exclude Direct Testimony in the above-referenced matter. By copy of this letter, I am serving copies of this document upon all parties of record.

Sincerely,

Caroline N. Watson

CNW/jbm

cc: F. David Butler, Esquire  
Elliott F. Elam, Jr., Esquire  
John F. Beach, Esquire  
Marsha A. Ward, Esquire  
Darra W. Cothran, Esquire  
Frank R. Ellerbe, Esquire  
Mitchell M. Willoughby, Esquire  
Francis P. Mood, Esquire

ACCEPTED FOR PROCESSING - 2019 November 22 9:32 AM - SCPSC - 2000-122-C - Page 1 of 10



DO410-00



BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA  
DOCKET NO. 2000-0122-C

IN THE MATTER OF:

BellSouth Telecommunications, Inc.  
Petition to Establish Geographically  
Deaveraged Rates for Unbundled  
Network Elements and Network  
Element Combinations



BELLSOUTH TELECOMMUNICATIONS, INC.'S RESPONSE TO  
MCI WORLDCOM, INC.'S MOTION TO EXCLUDE DIRECT TESTIMONY

I. INTRODUCTION

BellSouth Telecommunications, Inc. ("BellSouth") respectfully opposes the motion filed by MCI WorldCom, Inc. ("MCI WorldCom") seeking to exclude certain portions of the testimony filed by BellSouth in this docket. This docket, as noted in the Notice of Filing and Hearing, dated March 9, 2000, is entitled BellSouth Telecommunications, Inc. Petition to Establish Geographically Deaveraged Rates for Unbundled Network Elements and Network Element Combinations. Network combinations were specifically included "in order to establish rates for certain combinations because there may be cost differences in both recurring and non-recurring rates when a competing carrier

orders and BellSouth provisions certain network element combinations."

The testimony to which MCI WorldCom objects concerns the establishment of deaveraged rates for certain combinations of network elements that involve the loop, the cost of which must be deaveraged by May 1, 2000. Given MCI WorldCom's statements concerning the need to have access to network element combinations at cost-based rates in order for MCI WorldCom "to serve large portions of the local phone market," its position to delay the establishment of such rates is hard to understand.

## II. DISCUSSION

On March 6, 2000, BellSouth filed direct testimony and supporting exhibits requesting that the Commission convene a docket to deaverage existing loop rates and to establish and deaverage rates for certain combinations of network elements that involve use of the loop as previously stated. All parties appear to be in agreement that applicable rules of the Federal Communications Commission ("FCC") require that loop rates be deaveraged by May 1, 2000.

However, while acknowledging that loop rates must be deaveraged, MCI WorldCom insists that the Commission does not face a "pending deadline" for the establishment and deaveraging of rates for network combinations that make use of the very same loop. Under Rule 51.315(b), BellSouth is required to make

available combinations of network elements that are in fact combined in its network, including a combination of a loop and port (also referred to as "UNE Platform"), and must make these combinations available at cost-based rates. If, as MCI WorldCom has insisted in other jurisdictions, rates must be geographically deaveraged in order to be "cost-based," there exists no logical reason to treat rates for network element combinations differently than rates for unbundled network elements for purposes of the FCC's deaveraging rule.

MCI WorldCom's position to forestall the establishment of cost-based rates for network element combinations in South Carolina is also difficult to explain in light of MCI WorldCom's statements about the importance of the UNE Platform. For example, MCI WorldCom has filed a complaint in Michigan, challenging Ameritech's alleged refusal to lease the UNE Platform to competitors. In its press release announcing the filing of the complaint, MCI WorldCom insisted that it needed the UNE Platform "to serve residential and small business customers." *Michigan Regulators Must Force Ameritech to Open Local Phone Market; MCI WorldCom Asks PSC to End Competition Stalemate By Ordering Network Access, Systems Testing*, PR Newswire (Sept. 23, 1999) (copy attached).

In this proceeding, BellSouth is proposing that the Commission establish cost-based rates for the UNE-Platform (and

other network element combinations), which, according to MCI WorldCom, is essential for MCI WorldCom to compete in the local market. MCI WorldCom has not set forth any legal reason why the Commission should delay doing so.

Examination of MCI WorldCom's claims of "prejudice" should not be persuasive. First, the cost studies BellSouth has submitted in this proceeding are the same basic cost studies that this Commission examined and approved in Docket No. 97-374-C. MCI WorldCom participated fully in that proceeding. BellSouth has incorporated the Commission-ordered adjustments and has modified the studies to reflect the costs of combinations of network elements instead of truly unbundled network elements - adjustments and modifications that MCI WorldCom urged this Commission to order in Docket 97-374-C. Thus, BellSouth's cost studies contain no "surprises."

Second, MCI WorldCom is well versed in BellSouth's combination cost studies, given that those studies have been at issue in at least three dockets in other states in recent months. For example, those studies were closely scrutinized in lengthy proceedings in Georgia and North Carolina, where the state commissions have established cost-based rates for combinations of network elements, including the UNE Platform. See, e.g., *In re: Generic Proceeding to Establish Long-Term Pricing Policies For Unbundled Network Elements*, Docket No.

10692-U (Ga. Public Service Comm'n Feb. 1, 2000); *In re: General Proceeding to Determine Permanent Pricing for Unbundled Network Elements*, Docket No. P-100, Sub 133d (N.C. Utilities Comm'n March 13, 2000). Just one week ago, MCI WorldCom had the opportunity to cross-examine BellSouth witness Caldwell about the combination cost studies in a similar hearing in Alabama. *In re: Implementation of the Universal Service Requirements of Section 254 of the Telecommunications Act of 1996 - Unbundled Network Element Geographic Deaveraging*, Docket No. 25980 (Ala. Public Service Comm'n).

Given MCI WorldCom's knowledge of BellSouth's combination cost studies, it would hardly be "unfair" or "prejudicial" to MCI WorldCom for this Commission to consider those studies at the April 17, 2000 hearing.

While MCI WorldCom claims that it has been denied "the opportunity to engage in discovery" or to generate its "own combination cost studies and supporting testimony," MCI WorldCom Motion ¶ 5, such claims are without merit. BellSouth filed its cost studies more than a month ago. Even assuming discovery were necessary (which BellSouth does not believe is the case), MCI WorldCom could readily have sought permission from this Commission to conduct such discovery or could have asked BellSouth to provide informally any necessary information, MCI

WorldCom did not make such a request of this Commission or BellSouth.

Furthermore, absolutely nothing precluded MCI WorldCom from filing its own combination cost studies. MCI WorldCom has been aware for months that BellSouth intended to seek to establish deaveraged rates for network element combinations in its states, including South Carolina, by the May 1, 2000 deadline. As a result, MCI WorldCom could have begun preparing combination cost studies before BellSouth even filed its studies on March 6, 2000. That MCI WorldCom elected not to do so is the fault of MCI WorldCom and hardly constitutes grounds for delaying the establishment of cost-based rates for network element combinations.

### **III. CONCLUSION**

For the foregoing reasons, the Commission should deny MCI WorldCom's Motion.

Respectfully submitted this \_\_\_ day of April, 2000.

BELLSOUTH TELECOMMUNICATIONS, INC.



---

Caroline N. Watson  
Robert A. Culpepper  
1600 Hampton Street, Suite 821  
Columbia, South Carolina 29201  
(803) 748-8700

R. Douglas Lackey, Esquire  
Bennett L. Ross, Esquire  
675 W. Peachtree Street, Ste. 4300  
Atlanta, Georgia 30375  
(404) 335-0754

AUSTIN, LEWIS & ROGERS, P.A.  
William F. Austin, Esquire  
Post Office Box 12396  
Columbia, South Carolina 29211



STATE OF SOUTH CAROLINA            )  
  )     CERTIFICATE OF SERVICE  
COUNTY OF RICHLAND                )

The undersigned, Nyla M. Laney, hereby certifies that she is employed by the Legal Department for BellSouth Telecommunications, Inc. ("BellSouth") and that she has caused BellSouth Telecommunications, Inc.'s Response to MCI Worldcom, Inc's Motion to Exclude Direct Testimony to be served by placing such in the care and custody of the United States Postal Service, with first-class postage affixed thereto and addressed to the following this April 6, 2000:

F. David Butler, Esquire  
General Counsel  
S. C. Public Service Commission  
Post Office Box 11649  
Columbia, South Carolina 29211  
(PSC)

Elliott F. Elam, Jr.  
Department of Consumer Affairs  
Post Office Box 5757  
Columbia, South Carolina 29250-5757  
(Consumer Advocate)

John F. Beach, Esquire  
John J. Pringle, Jr., Esquire  
1321 Lady Street, Suite 310  
Post Office Box 11547  
Columbia, South Carolina 29211-1547  
(TriVergent Communications)

Marsha A. Ward  
Kennard B. Woods  
MCI WorldCom, Inc.  
Law and Public Policy  
6 Concourse Parkway, Suite 3200  
Atlanta, GA 30328  
(MCI)

Darra W. Cothran, Esquire  
Woodward, Cothran & Herndon  
Post Office Box 12399  
Columbia, South Carolina 29211  
(MCI )

Frank R. Ellerbe, Esquire  
Bonnie D. Shealy  
Robinson, McFadden & Moore, P.C.  
1901 Main Street, Suite 1500  
Post Office Box 944  
Columbia, South Carolina 29202  
(NewSouth Communications Corp.)

Mitchell M. Willoughby, Esquire  
John M. S. Hoefer, Esquire  
B. Craig Collins, Esquire  
Willoughby & Hoefer, P.A.  
1022 Calhoun Street, Suite 302  
Columbia, South Carolina 29202-8416  
(Sprint)

Francis P. Mood, Esquire  
Sinkler & Boyd, P.A.  
1426 Main Street, Suite 1200  
Columbia, South Carolina 29201  
(AT&T)

  
\_\_\_\_\_  
Nyla Laney